

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE)	
APPLICATION OF THE FUEL)	
ADJUSTMENT CLAUSE OF GRAYSON)	
RURAL ELECTRIC COOPERATIVE)	CASE NO. 2008-00529
CORPORATION FROM NOVEMBER 1,)	
2006 THROUGH OCTOBER 31, 2008)	

O R D E R

Pursuant to 807 KAR 5:056, the Commission, on January 23, 2009, established this case to review and evaluate the operation of the Fuel Adjustment Clause ("FAC") of Grayson Rural Electric Cooperative Corporation ("Grayson") for the two-year period ended October 31, 2008.

As part of this review, the Commission ordered Grayson to submit certain information and an affidavit attesting to its adherence to 807 KAR 5:056. Grayson has complied with this Order. The Commission further ordered that a public hearing be held in this case but cancelled it when, after publication of notice, no interested person advised the Commission of his or her intention to attend.

In Case No. 2008-00409,¹ the Commission authorized a \$59.5 million rate increase for East Kentucky Power Cooperative, Inc. ("East Kentucky"), Grayson's power supplier. Grayson did not receive a pass-through increase concurrent with East Kentucky's increase due to Grayson's request to recover the increase in wholesale

¹ Case No. 2008-00409, General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc. (Ky. PSC Mar. 31, 2009).

power costs in its general rate case, Case No. 2008-00254.² On June 3, 2009, the Commission approved a settlement agreement in Case No. 2008-00254. In response to a Commission Staff data request in this case, Grayson provided rates which reflect the effect of the proposed FAC roll-in upon its approved settlement base rates.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. Grayson has complied in all material respects with the provisions of 807 KAR 5:056.

2. East Kentucky, the wholesale supplier of Grayson, has been authorized to transfer (roll-in) a 10.15 mills per kWh increase in the base fuel cost to its base rates.³

3. Grayson should be authorized to transfer (roll-in) a 10.77 mills per kWh increase in its base fuel costs to its base rates to reflect, as adjusted for line loss, the transfer of a 10.15 mills per kWh increase in East Kentucky's current base rates. This transfer can best be accomplished by an energy adder to each kWh sold.

4. The rates and charges in the Appendix to this Order are fair, just, and reasonable, and reflect the transfer of fuel costs from the FAC to the base rate.

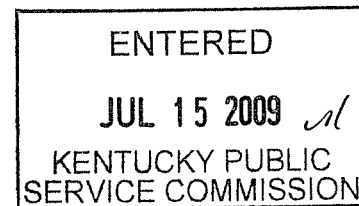
² Case No. 2008-00254, Application of Grayson Rural Electric Cooperative Corporation for an Adjustment in Rates and an Increase in Retail Electric Rates Equal to Increase in Wholesale Power Costs (Ky. PSC June 3, 2009).

³ Case No. 2008-00519, An Examination of the Application of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. from November 1, 2006 to October 31, 2008 (Ky. PSC July 15, 2009).

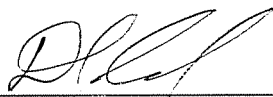
IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Grayson through the FAC for the period from November 1, 2006 to October 31, 2008 are approved.
2. Grayson is authorized to transfer to base rates those fuel costs (as adjusted for line-loss) rolled in by East Kentucky from its FAC to its current base rates.
3. The rates in the Appendix to this Order are approved for service rendered by Grayson on and after August 1, 2009, the effective date of East Kentucky's change in rates.
4. Within 20 days of the date of this Order, Grayson shall file with the Commission revised tariff sheets setting out the rates approved herein.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00529 DATED JUL 15 2009

The following rates and charges are prescribed for the customers in the area served by Grayson Rural Electric Cooperative Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

SCHEDULE 1 FARM AND HOME

Energy Charge per kWh	\$.10732
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SCHEDULE 2 COMMERCIAL AND SMALL POWER (LESS THAN 50 KVA)

Energy Charge per kWh	\$.09940
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SCHEDULE 3 OFF-PEAK MARKETING RATE

On-Peak Rate per kWh	\$.10732
Off-Peak Rate per kWh	\$.06439

SCHEDULE 4 LARGE POWER SERVICE (50-999 KVA)

Energy Charge per kWh	\$.06415
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SCHEDULE 5 STREET LIGHTING SERVICE

Base Rate per Light per Month:	
175 Watt Mercury Vapor Lamp	\$ 10.71
Base Rate per Light per Year:	
175 Watt Mercury Vapor Lamp	\$ 128.52

SCHEDULE 6
OUTDOOR LIGHTING SERVICE – SECURITY LIGHTS

Base Rate per Light per Month:

7,000 Lumens Mercury Vapor Lamp	\$	10.38
10,000 Lumens Mercury Vapor Lamp	\$	12.94
Flood Lights	\$	18.64

SCHEDULE 7
ALL ELECTRIC SCHOOLS

Energy Charge per kWh	\$.07363
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SCHEDULE 12 (a)
LARGE INDUSTRIAL SERVICE-LLF (1,000 TO 4,999 KVA)

Energy Charge per kWh	\$.05392
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SCHEDULE 12 (b)
LARGE INDUSTRIAL SERVICE-LLF (5,000 TO 9,999 KVA)

Energy Charge per kWh	\$.04881
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SCHEDULE 12 (c)
LARGE INDUSTRIAL SERVICE-LLF (10,000 KVA AND OVER)

Energy Charge per kWh	\$.04779
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SCHEDULE 13 (a)
LARGE INDUSTRIAL SERVICE-HLF (1,000 TO 4,999 KVA)

Energy Charge per kWh	\$.05392
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SCHEDULE 13 (b)
LARGE INDUSTRIAL SERVICE-HLF (5,000 TO 9,999 KVA)

Energy Charge per kWh	\$.04881
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SCHEDULE 13 (c)
LARGE INDUSTRIAL SERVICE-HLF (10,000 KVA AND OVER)

Energy Charge per kWh	\$.04779
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SCHEDULE 14 (a)
LARGE INDUSTRIAL SERVICE-MLF (1,000 TO 4,999 KVA)

Energy Charge per kWh	\$.05392
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SCHEDULE 14 (b)
LARGE INDUSTRIAL SERVICE-MLF (5,000 TO 9,999 KVA)

Energy Charge per kWh	\$.04881
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SCHEDULE 14 (c)
LARGE INDUSTRIAL SERVICE-MLF (10,000 KVA AND OVER)

Energy Charge per kWh	\$.04779
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SCHEDULE 17
WATER PUMPING SERVICE

On-Peak Rate per kWh	\$.12177
Off-Peak Rate per kWh	\$.06647

SCHEDULE 18
CAMPS AND BARNES

Energy Charge per kWh	\$.10732
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